

occur any time new systems and procedures are implemented. Once these initial problems are ironed out, Sprint would not expect to see any significant avoidance by carriers of their payment obligations. Carriers are subject to the Commission's jurisdiction and with rare exceptions do not openly seek to violate Commission orders.

Finally, the RBOCs argue that in the Second Report and Order, the Commission understated the average time lag for payment of compensation,⁴¹ and seek to build in additional time, using the full rate of return (also used in the Second Report and Order) of 11.25% (RBOC Comments at 32-33, Exh. 4 at 5). Both the RBOCs' current proposal and the Commission's handling of this issue in the Second Report and Order are inconsistent with the Commission's long-standing ratemaking principles. The Commission's policy is to include in the rate base an allowance for cash working capital that reflects net cash needs of the enterprise, based on lead-lag studies of the actual timing of cash inflows and outflows (or simplified estimates of net cash needs). See e.g., §65.820 of the Rules. The PSPs have failed to document the amount of working capital they need, and thus should receive no consideration for payment delays. And in any event, to give them a full return on capital investment for the entire amount of revenues they receive from per-call compensation is obviously improper. Those revenues do not constitute their net investment on which their return should be computed.

B. Any Carrier Pays Plan Should Be Based On A Fixed and Uniform Rate

Finally, Sprint wholeheartedly agrees with AT&T (at 12) that if the Commission chooses to retain a carrier pays compensation system, the rate should be a fixed one rather than one that floats based upon the local coin rate charged at each payphone. A

⁴¹ The Commission assumed a 90-day time lag. 13 FCC Rcd 1778, 1824 (1997).

caller pays system could reflect efficiently differences in rates charged in different locations.⁴² However, under a carrier pays plan, floating rates impose intractable problems on IXCs of being able to monitor fraud,⁴³ would not leave IXCs with any bargaining leverage unless they were able successfully to develop selective call blocking systems – with their nine figure development costs, and would make the tracking and compensation problems, as AT&T (at 12) so aptly put it, “exponentially more difficult...”⁴⁴

V. CONCLUSION

The Commission should use this opportunity to take a fresh look at payphone compensation, put it on a sound, logical and economic footing, and thereby avoid further judicial reversals. The Commission can logically either adopt a genuine market based approach and implement a caller pays plan, or, if it retains a carrier pays system of compensation, should adopt a cost based rate not to exceed 14.3 cents per call.

Respectfully submitted,

SPRINT CORPORATION



Leon M. Kestenbaum

Jay C. Keithley

H. Richard Juhnke

1850 M Street, N.W., 11th Floor

Washington, D.C. 20036

(202) 857-1030

July 27, 1998

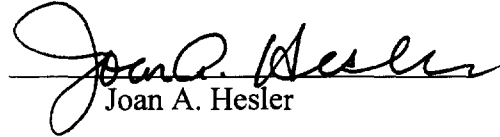
⁴² For that matter, Sprint does not believe there is any inherent technical reason why the caller pays rate (if the PSP chooses to charge for access code and subscriber 800 calls) could not differ from the rate charged for a local coin call.

⁴³ There would be no simple way to verify that each PSP is accurately representing the rate that it is in fact charging (or charged some months ago) from a particular payphone.

⁴⁴ See also, Sprint's August 26, 1997 Comments on Remand Issues, at 5-6.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing REPLY COMMENTS of Sprint was Hand Delivered or sent by United States first-class mail, postage prepaid, on this the 27th day of July, 1998 to the below-listed parties:



Joan A. Hesler

Kathryn C. Brown, Chief*
Common Carrier Bureau
Federal Communications Comm.
1919 M Street, N.W.
Washington, D.C. 20554

International Transcription Svc.*
1919 M Street, N.W.
Washington, D.C. 20554

Larry Strickling, Deputy Chief*
Common Carrier Bureau
Federal Communications Comm.
1919 M Street, N.W.
Washington, D.C. 20554

Robert Spangler*
Enforcement Division
Federal Communications Comm.
2025 M Street, N.W.
Washington, D.C. 20554

Albert H. Kramer
Robert F. Aldrich
Dickstein Shapiro Morin &
& Oshinsky LLP
2101 I Street, N.W.
Washington, D.C. 20037
Counsel for American Public
Communications Council

Philip L. Spector
Partick S. Campbell
Paul, Weiss, Rifkind, Wharton &
Garrison
1615 L Street, N.W.
Washington, D.C. 20036
Counsel for PageMart Wireless, Inc.

Michael Kellogg
Kellogg, Huber, Hansen, Todd
and Evans
1301 K Street, N.W., Suite 1000 West
Washington, D.C. 20005
Counsel for RBOC/GTE/SNET
Payphone Coalition

Richard Rubin
Mark Rosenblum
AT&T Corporation
Room 3252I3
295 No. Maple Avenue
Basking Ridge, NJ 07920

* Hand Delivered

Thomas J. Gutierrez
J. Justin McClure
Lukas, McGowan, Nace & Gutierrez
1111 19th Street, N.W.
Suite 1200
Washington, D.C. 20036
Counsel for Mobile Telecommunications
Technologies Corp.

Bruce W. Renard, General Counsel
Peoples Telephone Company, Inc.
2300 N.W. 98th Place
Miami, FL 33172

Judith St. Ledger-Roty
Kelley Drye & Warren LLP
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
Counsel for Paging Network, Inc.

Ian D. Volner
Heather L. McDowell
Venable, Baetjer, Howard &
Civiletti, L.L.P.
1201 New York Avenue, N.W.
Suite 1000
Washington, D.C. 20005
Counsel for Direct Marketing
Association

Daniel K. Barney
Robert Digges, Jr.
ATA Litigation Center
2200 Mill Road
Alexandria, VA 22314

Eric L. Bernthal
Michael S. Wroblewski
Latham & Watkins
1001 Pennsylvania Ave., N.W.
Suite 1300
Washington, D.C. 20004
Counsel for Peoples Telephone
Company, Inc.

David L. Hill
Audrey Rasmussen
O'Connor & Hannan, L.L.P.
1919 Pennsylvania Ave., N.W.
Suite 800
Washington, D.C. 20006
Counsel for Source One
Wireless II, L.L.C.

Alan S. Tilles
Meyer, Faller, Weisman &
Rosenberg, P.C.
4400 Jenifer Street, N.W.
Suite 380
Washington, D.C. 20015
Counsel for Dispatching Parties

Howard J. Symons
Sara F. Seidman
Yaron Dori
Mintz, Levin, Cohn, Ferris,
Glovsky and Popeo, P.C.
701 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Counsel for The Consumer-Business
Coalition for Fair Payphone 800-
Fees

Frederick M. Joyce
Joyce & Jacobs, Attys. At Law, LLP
1019 19th Street, N.W., 14th Fl. PH-2
Washington, D.C. 20036
Counsel for Metrocall, Inc.

Barry E. Selvidge
Vice President-Regulatory
Affairs and General Counsel
Communications Central, Inc.
1150 Northmeadow Parkway
Suite 118
Roswell, GA 30076

James S. Blaszak
Janine F. Goodman
Levine, Blaszak, Block &
& Boothby, LLP
2001 L Street, N.W., Suite 900
Washington, D.C. 20036
Counsel for Ad Hoc
Telecommunications Users Comm.

Mark A. Stachiw
Vice President & Gen. Counsel
AirTouch Paging
12221 Merit Drive
Suite 800
Dallas, TX 75251

Carl W. Northrop
E. Ashton Johnston
Paul, Hastings, Janofsky
& Walker, LLP
1229 Pennsylvania Ave., N.W.
10th Floor
Washington, D.C. 20004-2400
Counsel for AirTouch Paging

Mary J. Sisak
Mary L Brown
MCI Telecommunications Corp.
1801 Pennsylvania Ave., N.W.
Washington, D.C. 20006

Charles C. Hunter
Catherine M. Hannan
Hunter Communications Law Group
1620 I Street, N.W., Suite 701
Washington, D.C. 20006
Counsel for Telecommunications
Resellers Association

Lawrence G. Malone
General Counsel
New York State Department
Of Public Service
Three Empire State Plaza
Albany, NY 12223

Robert L. Hoggarth
Personal Communications Industry
Association
500 Montgomery Street, Suite 700
Alexandria, VA 22314

Scott Blake Harris
Kent D. Bressie
Harris, Wiltshire & Grannis LLP
1200 Eighteenth Street, N.W.
Washington, D.C. 20036

Douglas F. Brent
WorldCom, Inc.
101 Bullet Lane
Suite 101
Louisville, KY 40222

Glenn B. Manishin
Michael D. Specht
Blumenfeld & Cohen
1615 M Street, N.W., Suite 700
Washington, D.C. 20036

Gary L. Mann
Assistant Attorney General
IXC Communications Services, Inc.
1122 Capital of Texas Hwy South
Austin, TX 78746

Thomas Gutierrez
Lukas, Nace, Gutierrez & Sach
1111 19th Street, N.W., Suite 1200
Washington, D.C. 20036
Counsel for Skytel Communications

Howard Symons
Sara F. Seidman
Mintz, Levin, Cohn, Ferris, Glovsky
& Popeo, P.C.
701 Pennsylvania Ave., N.W.
Washington, D.C. 20004

Ronald Lebel
Rhode Island Department of
Human Services
600 New London Avenue
Cranston, RI 02920

Mark McKenzie
Citicorp Services, Inc.
8430 W. Bryn Mawr Avenue
Chicago, IL 60631

Rachel J. Rothstein
Cable & Wireless, Inc.
8219 Leesburg Pike
Vienna, VA 22182

Genevieve Morelli
CompTel
1900 M Street, N.W., Suite 800
Washington, D.C. 20036

Robert J. Aamoth
Steven A. Augustino
Kelley, Drye & Warren
1200 19th Street, N.W., Suite 500
Washington, D.C. 20036

James M. Smith
Excel Communications, Inc.
1133 Connecticut Ave., N.W.
Washington, D.C. 20036

Dana Frix
Pamela S. Arluk
Swidler & Berlin
3000 K Street, N.W.
Washington, D.C. 20007
Counsel for Excel Communications

Michael J. Shortley
Frontier Corporation
1800 So. Clinton Avenue
Rochester, NY 14646

Brad Mutschelknaus
Kelley Drye & Warren
1200 19th Street, N.W.
Washington, D.C. 20036
Counsel for LCI International

Thomas K. Crowe
Law Office of Thomas Crowe, P.C.
2300 M Street, N.W., Suite 800
Washington, D.C. 20037
Counsel for VOCALL
Communications & Galaxy Long
Distance